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Mexico

Tree Nuts

Annual

2002

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Report Highlights:

Mexico's pecan production for MY 2002/03 is forecast to slightly increase to 63,500 MT, approximately 1 percent more than last year's crop. Due to water limitations, new trees have not been planted for the past couple of years, therefore, farmers are resorting more to quality inputs such as better fertilizers and pesticides and better tree care in order to improve production and nut quality.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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SECTION I. SITUATION AND OUTLOOK

Pecan Situation and Outlook: Mexico's pecan production for MY2002/03 (October-September) is forecast to slightly increase to 63,500 MT, or about 0.7 percent over our MY2001/02 production estimate. This slight increase is due to the alternate-bearing crop cycle in several producing states. For MY2001/02, our previous estimate remains unchanged. The production estimate for MY2000/01 is revised downward to reflect final official data.

Mexican pecan exports are forecast to decrease in MY2002/03 to around 34,000 MT because of the expected improvement in domestic demand during the end-of-year holiday season when more disposable income is available. Our export estimate for MY2001/02 remains unchanged from our previous estimate, due to expected acceptable prices in the U.S. market. The export estimate for MY2000/01 is revised downward to reflect final official data and the fact that low pecan prices, resulting from increased U.S. production, depressed exports of Mexican pecans.

NOTE: PS&D import and export figures are based on official Mexican trade data and information from domestic traders, and frequently differ from official U.S. trade data.

SECTION II. STATISTICAL TABLES**PS&D, Pecans, In-shell Basis**

(Hectares, Metric Tons, Trees)

PSD Table						
Country:	Mexico					
Commodity:	Pecans, In-shell Basis					
	2001		2002		2003	
	Old	New	Old	New	Old	New
Market Year Begin	10/01		10/02		10/03	
Area Planted	51500	50500	53500	53500		53500
Area Harvested	50000	48500	51500	51500		52000
Bearing Trees	3000000	3000000	3090000	3090000		3100000
Non-Bearing Trees	140000	140000	135000	135000		125000
Total Trees	3140000	3140000	3225000	3225000		3225000
Beginning Stocks	0	0	0	0		0
Production	62000	59000	63000	63000		63500
Imports	3200	3200	2500	2500		2000
TOTAL SUPPLY	65200	62200	65500	65500		65500
Exports	36500	33500	34200	34200		34000
Domestic Consumption	28700	28700	31300	31300		31500
Ending Stocks	0	0	0	0		0
TOTAL DISTRIBUTION	65200	62200	65500	65500		65500

Note: Conversion factor used from shelled to in-shell basis, 2.00

Trade Matrix

Pecans, Inshell			UNITS: Kilograms		
Exports To:	2001	2002*	Imports From:	2001	2002*
U.S.A	13,683,800	5,502,900	U.S.A.	1,389,700	3,006,000
Other			Other		
France	5,862	862	Guatemala	13,318	0
Canada	810	0	China	628	0
Germany	14	0	Brazil	624	0
Total of Other	6,686	862	Total of Other	14,570	0
Others not listed	0	81	Others not listed	828	16
Grand Total	13,690,486	5,503,843	Grand Total	1,405,098	3,006,016

Pecans, Shelled			UNITS: Kilograms		
Exports To:	2001	2002*	Imports From:	2001	2002*
U.S.A	4,166,600	3,433,700	U.S.A.	262,000	16,800
Other			Other		
Total of Other	0	0	Total of Other	0	0
Others not listed	0	0	Others not listed	0	0
Grand Total	4,166,600	3,433,700	Grand Total	262,000	16,800

SOURCE: World Trade Atlas, Mexico Edition & FAS US Trade Data from U.S. Customs

NOTE: * indicates that figures are for January thru March.

SECTION III. NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

Production

Post forecasts a slight increase in production for MY2002/03, due to new trees coming into production, improvement in tree-care inputs, such as fertilizers and timely pruning. Production in MY2001/02 is expected to remain unchanged from our previous estimate, due primarily to the alternate-bearing cycle for orchards in Chihuahua, Nuevo Leon and Durango.

The total crop area planted to pecan trees in Mexico is currently 51,750 hectares, the majority of which are located in the states of Chihuahua, Coahuila, Durango, Sonora and Nuevo Leon. Currently farmers are not planting many new trees, due to water limitation caused by the dry conditions in several pecan-producing states. Pecans are harvested in Mexico from October to December.

To offset water limitations, growers have increased input utilization to improve production and yields. The average Mexican pecan yield for MY2001/02 is expected to increase to 1.063 MT/hectare. Producers generally agree that the most costly inputs in producing pecans are electricity, fertilizers, labor, agro-chemicals and interest on operating capital. Electricity is a major cost because all commercial pecan production is irrigated and approximately 50 percent of the farms are irrigated by wells.

Depending on inputs and tree care, quality for pecans in Mexico is expected to be better than average for MY 2002/03. In MY2001/02, because of higher production levels, some of the Mexican crop is expected to suffer from lightweight meat.

Consumption

Domestic consumption is very price elastic; consumption rises quickly when prices are low and falls when prices are high. For MY2002/03, consumption is expected to reach 31,500 metric tons, due to accessible prices, general population growth and expected improvement in consumer purchasing power. Consumption for MY2001/02 remains unchanged from our previous estimate, due to continued accessible prices in the domestic market. Next to the export market, domestic confectionery, bakeries and food processors are expected to remain the largest consumers of Mexican pecans.

Trade

Post forecasts a slight decrease in exports for MY2002/03, due to attractive local prices and higher demand in the domestic market. Mexican pecan exports are estimated to remain unchanged from our previous estimate of 34,200 MT in MY2001/02, due to continued attractive prices in the export markets. As usual, the highest quality production is expected to be exported to the United States.

Due to larger domestic supplies, Mexican pecan imports are forecast to decrease to 2,000 MT in MY2002/03, 25 percent less than our previous estimate for MY2001/02 which remains at 2,500 MT,

due to sufficient domestic production and consumer demand.

Mexican and U.S. trade data do not always coincide. Mexican trade data from the World Trade Atlas, Mexico Edition, for calendar year 2001 shows that Mexico exported 916 MT of shelled and inshell pecans to the United States, while U.S. census data for the same period show imports of 17,850 MT of shelled and inshell pecans. Mexican trade data also indicate 188 MT of inshell and shelled pecans imported from the United States in 2001. U.S. trade data shows that 1,651 MT of inshell and shelled pecans were exported to Mexico in 2001. These discrepancies are probably caused by temporary imports of inshell pecans to the Mexican border area for shelling by shelling plants located at the border and then reexported to the United States.

Stocks

In recent years there have generally been no stocks at the end of the marketing year because both domestic and export market demand and attractive prices clear the market. Furthermore, in Mexico, there is insufficient cold storage warehouses to store a significant amount of pecans.

Policy

No changes from our previous report. See MX1157 dated August 30, 2001.

Marketing

No changes from our previous report. See MX1157 dated August 30, 2001.